

**CITY OF BEAUMONT  
POLICIES AND PROCEDURES MANUAL**

Policy Number: 7.3

Subject: Purchasing Procedures

Effective Date: May 1, 2013

Approved by: Kyle Hayes / KH  
City Manager / Date

Laura Clark / LC 4/30/13  
Chief Financial Officer / Date

4-30-13

**I. PURPOSE**

The purpose of this policy is to define the functions, responsibilities, and inter-departmental relations to the City's procurement practices.

- A. The policy of the City of Beaumont is to assure good control and coordination of City-wide procurement, reporting capabilities for management, equitable treatment of vendors and service providers, and adherence to Federal, State, and local law applicable to municipal procurement. This policy will be achieved through a centralized purchasing system realizing that there are circumstances where certain procurement activities are better handled within a project organization or a project site, while remaining under appropriate centralized management control through the establishment of agreed upon policies and procedures.
- B. There are also other circumstances when certain specialized procurement activities may be handled separately by departments other than Purchasing. However, these activities should be under the general policy guidance of this directive unless otherwise exempted. References to Purchasing apply equally as well to special purchasing activities unless otherwise stated.

**II. OBJECTIVES**

The policies and procedures are to assist City personnel by defining general and specific management decisions as included in, but not limited to the following:

- 1. to define procurement authority, activities, and procedures;
- 2. to clarify inter-departmental responsibilities and relations;
- 3. to develop improved policies and procedures through ongoing review and update;
- 4. to assist in supervision;
- 5. to standardize and communicate approved practices;
- 6. to promote understanding, cooperation, and a sense of equitable treatment among suppliers;

7. to assist in training and personnel development;
8. to maintain efficient management practices.

### III. DEFINITIONS

- A. Purchasing - The process through which materials, supplies, and services are obtained for the operation of the organization.
- B. Commitment Authorization - Refers to those individuals who have been delegated the authority from the City Manager to commit the City for materials, equipment, supplies, and services.
- C. Requisition Entry - Purchase Requisitions are entered directly into the computer system by an authorized department/division representative.
- D. Purchase Order - The document used to initiate and control purchases.
- E. Procurement Card - The procurement card is used to purchase items needed in the work environment with a value of \$500 or less.
- F. Receipt - No Invoice - The receipt of goods or services electronically. Receipt of goods and services is by item only.
- G. Activity Statement - The monthly activity statement is provided to the procurement card user to reconcile transactions.
- H. Blanket Purchase Order - Refers to an unspecified request for supplies, usually for contracted services and supplies.
- I. Contractual Agreement - Refers to any contract for purchase of goods or services.
- J. Competitive Sealed Bids and Proposals - As authorized by the State Purchasing Law, Ch. 252 of the Local Government Code.
  1. Competitive Sealed Bids are used in the procurement of goods and services required by the City. Quotations are solicited by issuing notice by mail, facsimile, newspaper advertisement or internet posting. Public notice requirement shall remain consistent with current guidelines listed in Section 252.041 of the Local Government Code.
  2. Competitive Sealed Proposals - The competitive sealed proposal procedure, also called a Request for Proposal (RFP), is used in the procurement of high technology acquisitions and other purchases that will obtain the best value. Competitive Sealed Proposals shall specify relative importance of price and other factors, with the award of contract being made to the responsible bidder whose proposal is determined to be most advantageous to the City, taking into consideration all evaluation factors set forth in the Competitive Sealed Proposal. All quotations shall be solicited through the Competitive Sealed Proposal. Public notice for Competitive Sealed Proposals shall be made in the

same manner as applicable formal bidding requirements. This section shall not apply to procurement exempted from competitive bidding as defined by State law.

- K. City Council Authorization - Any purchase in excess of \$50,000 must have Council approval before the goods or services are ordered, except in cases of emergency. In cases of an emergency, (threat to public health or in cases where the Mayor declares a state of emergency) the Council will be advised of the purchase as quickly as possible.
- L. Budget Authorization - The budget is the document through which appropriations for various expenditures are authorized to departments by the City Council.
- M. Vendor Favoritism - Favorable treatment toward a vendor can mean, for example, improper advance notice of a request for bids, obtaining normally unavailable information, and obtaining normally unavailable information, being allowed to submit bids after a deadline, and obtaining acceptance for substandard goods.
- N. Insurance Requirements - Before any individual or company can enter into a contract for performance of a specified service for the City of Beaumont, proof of commercial general liability insurance and workers' compensation insurance, in the amount specified, must be provided prior to commencement of the work. There shall be no exceptions to this requirement except in a state of emergency.

#### IV. RESPONSIBILITIES

- A. City Council must authorize all purchase of supplies, materials, and goods in excess of \$50,000, except in an emergency.
- B. The Purchasing Manager has responsibility for the procurement of all goods and services, and to either provide the service for such procurement and processing or give functional directions to others delegated the authority to perform such services.
- C. Purchasing has the responsibility for obligating the City and for making the final determination of sources of supply, quantities purchased, delivery schedule, and price negotiations, except where others are so authorized. The decisions will be made in conjunction with operational and staff departments, as appropriate.
- D. Purchasing is to serve as the exclusive channel through which all requests regarding prices and products are handled. Purchasing will conduct all correspondence with suppliers involving prices or quotations. In cases where technical details are necessary, the using department may correspond with suppliers. In such cases, the Purchasing Staff should be provided with copies of all such correspondence. Close communication and coordination between Purchasing and the using departments is essential in obtaining the best product or service at the lowest cost to the City.
- E. All negotiations are to be handled by the appropriate Purchasing division personnel within their delegated authority.

- F. When supplier representatives make personal sales calls to a department without special invitation, they are to be directed to the appropriate Buyer in the Purchasing Division.
- G. No employee engaging in the purchasing activities shall accept anything of material value from any vendor or potential vendor. Discretion shall be practiced to avoid any perception of the possibility of vendor favoritism or competitive advantage.
- H. No officer or employee of the City shall have a financial interest, direct or indirect, or by reason of ownership of stock in any corporation, in any contract with the City, or be financially interested directly or indirectly in the sale to the City of any land, materials, supplies, or services except on behalf of the City as an officer or employee, provided, however, that the provisions of this Section shall only be applicable when the stock owned by the officer or employee exceeds one percent (1%) of the total capital stock of the corporation. Any willful violation of this section shall constitute malfeasance in office and any officer or employee guilty thereof shall thereby forfeit the office or position. Any violation of this section with the knowledge expressed or implied of the person or corporation contracting with the governing body of the City shall render the contract voidable by the City Council. (City Charter, Article XVII, Section 9)
- I. Purchasing is responsible for ensuring competition whenever possible by soliciting at least three (3) price quotations for both informal (\$3,000 to \$50,000) and formal bids (over \$50,000). These quotes must be documented and available to Management. Exceptions as defined by Local Government Code, Chapter 252.022.
- J. The department director or his/her designee must originate all purchases of goods and services with a computer-generated requisition, approved electronically by a designated division manager or department director.
- K. The Purchasing Manager has responsibility for maintaining a uniform set of procedures and forms to expedite the bidding process. This shall include mechanisms for vendor notification, bid analysis and summary, bidder mailing list applications, competitive invitations, instructions to bidders, policy statement of bid award, sealed bid envelopes, and advertising procedures consistent with Federal, State, and local requirements.
- L. The City Council or their designee shall have power to reject all bids and advertise again.
- M. The City Manager or his/her designee shall assure that City improvement contracts exceeding \$25,000 be awarded to the lowest, responsible bidder meeting specifications after such public notice and competition as prescribed by State law. Alterations or change orders may be made and approved by the City Manager, provided such alterations or change orders do not increase the cost to the City more than ten percent (10%) of the original amounts. Any single change in excess of \$10,000 shall be approved by the City Council.

- N. The City Manager or his/her designee is responsible to assure that all commitments to a vendor or service provider are stated in writing by Purchase Order, contract, or letter with appropriate terms, and signed by one of the following:
1. City Manager;
  2. Chief Financial Officer;
  3. Purchasing Manager or his/her designee.
- O. Any employee of the City of Beaumont who makes a written or verbal commitment to purchase material, equipment, or services for the City and is not authorized under one of the above categories is subject to disciplinary action, legal action, and personal liability.

V. PROCEDURES/RULES

- A. Requisition Entry - All requisitions are entered directly into the computer system for all goods and services. Sufficient information relative to items, quantity, and price are required. Required fields for completion of requisition are delivery date, name of the requisition entry clerk, reason for purchase, and ship to location.
- B. First Level Approval - Once the requisition order has been entered, it is forwarded electronically to first level approval for review and authorization. The individual approving this level should be a Department Director or his/her designee, i.e. Division Manager, Supervisor, etc.

After approval at first level, the requisition is forwarded to buyer processing unless the expenditure is over \$3,000; funding is not available in the account designated (there is no budget or account is over budget); the expenditure is in excess of \$10,000; or the expenditure will be posted to an account in one of the various grant funds. Should any of these occur, the requisition is forwarded to second level, third level or fourth level approval for review and authorization.

- C. Second Level Approval – In the System, this level is called “REQ 2<sup>ND</sup> LEVEL OP FUNDS”. This level is for requisitions that are over \$3,000. This level should be approved by a Department Director or his/her designee. At NO TIME should the same person, other than a Department Director, approve first and second level.
- D. Third Level Approval – In the System, this level is called “APP OVR BUDGT/OVR \$10,000”. This level is for expenditures that are in excess of \$10,000 or being posted to an account that is over budget at that time or does not have a budget. Only the Chief Financial Officer and other designated Finance staff can approve at this level. Upon approval at first or second level, if a requisition meets this criteria, the Finance Staff will be sent an email notification by the System to alert them that a requisition needs approval.

- E. Fourth Level Approval – In the System, this level is called “GRANT # (with the grant fund number designated)”. This level is for expenditures that will be posted to account numbers within funds that account for the City’s federal and state grants, such as Fund 231 Miscellaneous Grants, Fund 241 Police Grants, Fund 258 Health Grants, Fund 264 CDBG Grants, etc. Only the Chief Financial Officer and other designated Finance staff can approve at this level. Upon approval at first, second, or third level, if a requisition meets the criteria of each, the Grants Staff will be sent an email notification by the System to alert them that a requisition needs approval.
- F. Buyer Processing - After first level and/or second level, third level, and fourth level approval, as described above, the requisition is sent to Buyer Processing for bid solicitation.
- G. Purchase Order - The Purchasing Division generates a Purchase Order from the entered requisition. The vendor, after receiving the Purchase Order, ships the goods with a packing or delivery slip. The invoice will be sent directly to the City's Accounts Payable office.
- H. Blanket Purchase Order - A type of Purchase Order used by departments that purchase a variety of items on a frequent basis from the same vendor. Blanket orders are to be used primarily for goods or services that are under contract.
- I. Received-No Invoice - The receiving department acknowledges the receipt of goods electronically by indicating the number of items received. This acknowledgment authorizes the Accounts Payable Division to pay for the items received at the price stated on the Purchase Order. Users must be authorized to the account number stated on the Purchase Order.
- J. Procurement Card - The procurement card may be used by departments to purchase items with a value of \$500 or less. The procurement card is for business purposes only and may not be used for personal or travel transactions. Cards are issued to individuals for purchases needed in the field. (Refer to specific Procurement Card Procedures, Policy 7.4.)
- K. Sam’s Club Card – The Sam’s Club card may be used by departments to purchase items with a value of \$500 or less. The Sam’s Club card is for business purposes only and may not be used for personal transactions. Cards are issued to individuals for purchases needed in the field. (Refer to specific Sam’s Club Card Procedures, Policy 7.11.)
- L. Informal bids - Written bids for expenditures less than \$50,000. Informal bids may be received by facsimile or mail.
- M. Formal bids - Written bids are solicited for expenditures of more than \$50,000 requiring public notice for a minimum of fourteen (14) days prior to bid opening.

- N. Historically Underutilized Business (HUB) - Before an expenditure of more than \$3,000 and less than \$50,000 can be made, at least two (2) disadvantaged businesses shall be contacted. Businesses must be registered with the City of Beaumont as a Minority Business Enterprise.
- O. Federal Debarred and Excluded Parties – Before expending federal and state funds, the debarment status of the vendor must be verified using the Excluded Parties List System (EPLS) at [www.sam.gov](http://www.sam.gov). (Refer to Federal Debarred and Excluded Parties Policy, Policy 7.12.)
- P. Local Bidder Preference – Under Local Government Code, Sections 271.905(a) and 271.9051, the City may consider a vendor's place of business in awarding certain contracts competitively bid. (Refer to Local Bidder Preference Policy, Policy 7.14.)